

By: Zaffirini

S.B. No. 1499

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the regulation of for-profit legal service contract
3 companies.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 953.001(1), Occupations Code, is amended
6 to read as follows:

7 (1) "Administrator" means the person responsible for
8 the administration of a legal service contract. ~~[The term includes
9 a person responsible for any filing required by this chapter.]~~

10 SECTION 2. Section 953.156, Occupations Code, is amended to
11 read as follows:

12 Sec. 953.156. FORM OF LEGAL SERVICE CONTRACT AND REQUIRED
13 DISCLOSURES. ~~[(a) A legal service contract must be filed with the
14 executive director before it is marketed, sold, offered for sale,
15 administered, or issued in this state. Any subsequent endorsement
16 or attachment to the contract must also be filed with the executive
17 director before the endorsement or attachment is delivered to legal
18 service contract holders.]~~

19 ~~[(b)]~~ A legal service contract marketed, sold, offered for
20 sale, administered, or issued in this state must:

21 (1) be written, printed, or typed in clear,
22 understandable language that is easy to read;

23 (2) include the name and full address of the company;

24 (3) include the purchase price of the contract and the

1 terms under which the contract is sold;

2 (4) include the terms and restrictions governing
3 cancellation of the contract by the company or the legal service
4 contract holder;

5 (5) identify:

6 (A) any administrator, if the administrator is
7 not the company;

8 (B) the sales representative; and

9 (C) the name of the legal service contract
10 holder;

11 (6) include the amount of any deductible or copayment;

12 (7) specify the legal services and other benefits to
13 be provided under the contract, and any limitation, exception, or
14 exclusion;

15 (8) specify the legal services, if any, for which the
16 company will provide reimbursement and the amount of that
17 reimbursement;

18 (9) specify any restriction governing the
19 transferability of the contract or the assignment of benefits;

20 (10) include the duties of the legal service contract
21 holder;

22 (11) ~~[include the contact information for the~~
23 ~~department, including the department's toll-free number and~~
24 ~~electronic mail address, as well as a statement that the department~~
25 ~~regulates the company and the company's sales representatives,~~

26 ~~[-12-]~~ explain the method to be used in resolving the
27 legal service contract holder's complaints and grievances;

1 (12) [~~(13)~~] explain how legal services may be obtained
2 under the legal service contract;

3 (13) [~~(14)~~] include a provision stating that no change
4 in the contract is valid until the change has been approved by an
5 executive officer of the company and unless the approval is
6 endorsed or attached to the contract;

7 (14) [~~(15)~~] include any eligibility and effective
8 date requirements, including a definition of eligible dependents
9 and the effective date of their coverage;

10 (15) [~~(16)~~] include the conditions under which
11 coverage will terminate;

12 (16) [~~(17)~~] explain any subrogation arrangements;

13 (17) [~~(18)~~] contain a payment provision that provides
14 for a grace period of at least 31 days; and

15 (18) [~~(19)~~] include conditions under which contract
16 rates may be modified[~~, and~~

17 ~~[(20) include any other items required by the~~
18 ~~executive director as determined by rule].~~

19 SECTION 3. Section 953.162, Occupations Code, is amended to
20 read as follows:

21 Sec. 953.162. APPOINTMENT AND RESPONSIBILITIES OF
22 ADMINISTRATOR. [~~(a)~~] A company may appoint an administrator or
23 designate a person to be responsible for:

24 (1) all or any part of the administration or sale of
25 legal service contracts; and

26 (2) compliance with this chapter.

27 ~~[(b) The executive director may adopt rules regarding the~~

1 ~~registration of an administrator with the department.]~~

2 SECTION 4. Chapter 953, Occupations Code, is amended by
3 adding Subchapter F to read as follows:

4 SUBCHAPTER F. ENFORCEMENT

5 Sec. 953.251. DECEPTIVE TRADE PRACTICE. A violation of
6 this chapter is a deceptive trade practice actionable under
7 Subchapter E, Chapter 17, Business & Commerce Code.

8 SECTION 5. The following provisions of the Occupations Code
9 are repealed:

- 10 (1) Sections 953.001(4), (5), and (6);
- 11 (2) Sections 953.004, 953.005, and 953.155; and
- 12 (3) Subchapters B, C, and E, Chapter 953.

13 SECTION 6. (a) On the effective date of this Act, a
14 registration issued under former Subchapter B, Chapter 953,
15 Occupations Code, expires.

16 (b) On the effective date of this Act, a pending proceeding
17 under Chapter 953, Occupations Code, including a complaint
18 investigation, disciplinary action, or administrative penalty
19 proceeding, relating to a registration issued under former
20 Subchapter B, Chapter 953, Occupations Code, or relating to another
21 former provision of Chapter 953, Occupations Code, that is repealed
22 by this Act, is dismissed.

23 SECTION 7. This Act takes effect September 1, 2017.